For the reasons enumerated above as well as prolonged litigation, the entire amount of demand that is created by the Income Tax Department does not get collected immediately. While the process of liquidation or collection of the outstanding demand is long and disposal of appeals by the Courts, Tribunals and other authorities is slow, the fresh tax demands, on the other hand, are continuously raised by the Department in various cases, increasing the outstanding arrears year after year.

Production of bio-diesel

*238. SHRI C. PERUMAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government are aware that there is a need to accelerate production of bio-diesel to achieve energy independence due to continuous increase in price of petroleum products globally; and

(b) if so, the steps taken to develop production of bio-diesel?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) Yes, Sir.

(b) The Ministry of Rural Development is the nodal Ministry for the proposed National Mission on Bio-diesel, being set up with a focus on large-scale cultivation of Jatropha. A Detailed Project Report (DPR) on the National Mission on Bio-diesel has been submitted by that Ministry to the Planning Commission. The proposal *inter-alia*, envisages a Demonstration Project involving plantation of Jatropha in 4 lakh hectares of degraded forest and non-forest lands for manufacturing bio-diesel. The Planning Commission has give 'in principle' approval to the DPR for the demonstration phase, estimated to cost Rs. 1286 crores over a period of 5 years. The Ministry of Rural Development has released Rs. 49 Crores to the nine States, namely Andhra Pradesh, Assam, Chattisgarh, Gujarat, Himachal Pradesh, Sikkim, Tripura, Tamil Nadu and Rajasthan for raising Jatropha seedlings in nurseries.

To encourage production of bio-diesel in the country, the Ministry of Petroleum and Natural Gas announced a Bio-diesel Purchase Policy, in October 2005, effective 1.1.2006. The policy has identified 20 purchase centres of the public sector oil marketing companies (OMCs) all over

the country. The OMCs would purchase bio-diesel meeting the standards prescribed by the Bureau of Indian Standards (BIS), from those bio-diesel manufacturers who register with them after satisfying the technical specifications, at a specified delivered price. Depending upon felt need and preparedness, the OMCs could also open more purchase centres.

The Petroleum Conservation Research Association (PCRA), an organization under the Ministry of Petroleum & Natural Gas, has opend a National Bio-fuel Centre, which disseminates information related to bio-diesel.

Soft loans to farmers

*239. SHRI AMAR SINGH:
SHRI ABU ASIM AZMI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to provide soft loans to farmers;

(b) if so, what are the details thereof and whether these soft loans would be given by the private banks also; and

(c) by when, this scheme is likely to be implemented?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) To ensure that the farmer receives Short-Term Production Credit at 7% with an upper limit of Rs. 3 lacs on the principal amount for Kharif and Rabi 2006-07, the Government has decided to provide interest subvention of 2% per annum to Public Sector Banks and Regional Rural Banks (RRBs) on their lending from their own resources and refinance at concessional rate to cooperative banks and RRBs on their borrowings from NABARD. Further, the State Governments have been requested to provide interest subsidy to Cooperative Banks on the amount disbursed from their own sources to ensure that they can disburse ground level credit at a rate of 7% per annum.

Reserve Bank of India (RBI) and NABARD have issued instructions to all public sector banks, RRBs and cooperative banks in this regard. This subvention, however, is not applicable to private sector banks.